

And now I get to introduce somebody I'm grateful for, and that's the First Lady of the United States, Laura Bush.

NOTE: The President spoke at 10:30 a.m. on the State Floor at the White House. The transcript released by the Office of the Press Secretary also included the remarks of the First Lady.

Remarks on the National Economy in Kernersville, North Carolina December 5, 2005

Thanks for having me. Thanks for letting me come by to John Deere-Hitachi. I'm here to talk about our economy. No better place to talk about our economy, in a place where people are working hard and where they're productive, where they're making a product people want. The economy of the United States is strong, and I'm here—how we're going to work together to keep it stronger.

First, I want to thank the workers of this facility for letting me come by to interrupt your work day. I'll try to keep my comments brief so you can get back to work. *[Laughter]* I appreciate the job you're doing. This is a remarkable facility, a facility of high technology, of good management, and great, skilled workers.

I appreciate being back in the State of North Carolina. I was somewhat disappointed to learn that North Carolina is the best place to do business in the United States—I thought that might have been Texas. *[Laughter]*

I'm traveling today with the Secretary of the Treasury, John Snow. Mr. Secretary, thank you for joining us. Secretary of Commerce Carlos Gutierrez is with me today. These two men are involved with making sure that this economy stays strong, that we create an environment for people to be able to grow their businesses and employ people.

I'm proud to be here with Senator Richard Burr of the great State of North Carolina. He's a good, down-to-earth fellow who is a strong Member of the United States

Senate. And he brings—every time I see him, he brings this message, he says, "You make sure you remember the people of North Carolina." Which I do.

I appreciate Congresswoman Virginia Foxx—we're right here in her congressional district—she's doing an excellent job on behalf of the people of this part of the world. I appreciate my longtime friend Congressman Howard Coble from the State of North Carolina. Finally, I'm proud to be traveling with a Congressman who doesn't look old enough to be a Congressman—*[laughter]*—that's Patrick McHenry, and he's doing a fine job, as well, in the United States Congress.

I want to thank the mayor of Kernersville for joining us. I appreciate all the other State and local officials.

I want to thank Ron Morrison for the—he's the operation manager, in case you've never heard of him—for giving me a tour. He's sure proud of this facility. He's proud of the safety record, and he's proud of the skill of the people who work here. I appreciate Al Seeba, Jim Jenkins, and Hitoshi Manabe. Thank you all for having me.

Government does not create wealth. American and businesses and workers and farmers and entrepreneurs create the wealth for this country. And so the role of the Government is to create an environment where the small business can grow into a big business, where the entrepreneur can flourish, where people who dream about owning a home are able to own a home. In our economy, our most precious

resource is the talent of the American worker, and there is no limit to what we can do when people have the freedom to make a better life for themselves and their family.

Ours is a confident and optimistic nation, and our trust in the American people has brought us through some pretty tough times. In the past 5 years, our economy has endured a stock market collapse, a recession, terrorist attacks, corporate scandals, high energy costs, and devastating natural disasters. These were all shocks to our economy, which I felt required decisive action. I believe that economy grows when people are allowed to keep more of their own money, to be able to save and to spend.

And so I called on the United States Congress to let the people keep more of their own money, to cut their taxes. And Congress responded. We lowered your taxes and gave you an opportunity to keep more of what you earn and let you decide how best to spend your own money. We cut taxes on families by lowering the tax rates and by doubling the child credit and reducing the marriage penalty. I felt we shouldn't penalize marriage; I thought we ought to reward marriage in the Tax Code.

These cuts are making a real difference to American families. I just met one of your coworkers, Kirby Hartsell. Kirby is an Air Force veteran; he did a tour in South Korea. He and his wife, Carol, have three children, Olivia, David, and Claire. When we cut the taxes, the Hartsells received a refund check that they put in the bank for themselves and to save for their children. This year, the Hartsells saved \$2,200 on their 2004 Federal taxes because of our tax cuts. Now, I know some in Washington say that's not a lot of money—well, it's a lot of money to the Hartsells. And when the folks in Washington, DC, say that our working families don't need that tax relief, they ought to come right here to North Carolina and talk to the Hartsells, just like I did.

We not only reduced the taxes on individuals and families; we cut the taxes on dividends and capital gains to encourage job-creating investment. I understand most new jobs in America—and I hope you understand this too—most new jobs in America are created by small-business owners. And so we cut the taxes. We cut the taxes for our small businesses. Most small businesses pay taxes at the individual income tax rate. And so when you hear us talking about lowering the taxes on individuals, I want you to connect that with lowering taxes on small businesses. And we created incentives for small businesses to invest in new equipment so that they can expand and create jobs. To help our farmers and entrepreneurs pass on a lifetime of hard work to their loved ones, we put the death tax on the road to extinction.

Now, some of those people up in Washington said the tax cuts wouldn't work. In the spring of 2003, one Democrat leader called tax relief a tragedy and said it would not create jobs or grow the economy. Another Democratic leader said the tax cuts “are ruining our economy and costing us jobs.” All that comes with the job, by the way—doing what you think is right, and people laying out the criticism. But I want to remind people of the facts: Since those words were spoken, our economy has added nearly 4½ million new jobs.

Just this past Friday, the latest figures show our economy added 215,000 jobs in the month of November alone. Our unemployment rate is down to 5 percent. That's lower than the average of the 1970s, the 1980s, and 1990s. The latest numbers also show the economy grew at 4.3 percent last quarter. And it has been growing at near that average for more than 2 years. This economy of ours is on the move. People are being able to find work, and that's what's important to me. I want Americans working. I want anybody who wants a job to be able to find work—good paying, steady work—and that's what's happening in America.

Americans are buying homes, and that's good news for this country. We hit an all-time high in October, in terms of home buying. More Americans now own their homes than any time in our Nation's history. Minority ownership—homeownership is at an alltime high in the United States of America. Real disposable income is up. Our consumers are confident. New orders for durable goods like machinery have risen sharply, and shipments of manufactured goods are up as well. Business activity in our manufacturing sector reported its 30th straight month of growth. In the past 5 years, productivity has grown at some of the fastest rates since the 1960s. Our small businesses are thriving. Fortunately, I didn't listen to the pessimists about tax cuts. The tax cuts are working.

We've been wise with your money as well. Each year I've been in office, we've cut the rate of growth in nonsecurity discretionary spending. We're on track to reach our goal of cutting the budget deficit in half by 2009. Thanks to tax relief and spending restraint and progrowth economic policies, this economy is strong, businesses are booming, and the people in this country are working. See, we can't take this growth for granted. So we're moving forward with a comprehensive agenda that's going to keep the economy growing, to make sure people have got a hopeful future. Keeping this economy strong begins with a commitment to keeping your taxes low and, at the same time, being wise about how we spend your money.

Unfortunately, just as we're seeing the evidence of how our tax cuts have helped the economy, we're hearing some voices in Washington that want to raise your taxes. The tax relief we set—that we delivered is set to expire in a couple of years. In other words, it's not permanent; it can go away. And unless Congress acts, you're going to get a big tax hike when that happens.

Some even say, "We should repeal the tax relief sooner." If that happens, a family

of four making \$60,000 today would see their Federal income taxes eventually go up by more than 50 percent. I want you to think about that. As you work hard and balance your family budgets and try to save for the future, back in Washington some folks want to take more out of your paycheck by rolling back the tax cuts. When you hear people say that we don't need to make the tax relief permanent, what they're really saying is, they're going to raise your taxes. One way to keep this economy growing is to have certainty in our Tax Code and to help you keep—and to keep—let you keep more of your paycheck, and so the United States Congress needs to make this tax relief permanent.

We're going to redouble our efforts to restrain the spending appetite of the Federal Government. Listen, we're at war, and we're going to spend what it takes to support our troops in harm's way. And that means we've got to show real discipline in other areas of the Federal budget.

Earlier this year, I submitted a budget that proposed an actual cut in nonsecurity discretionary spending. It's the most disciplined budget proposal since Ronald Reagan was in the White House, and Congress is set to meet this target, and I appreciate their hard work. I also proposed to terminate or reduce more than 150 Government programs that are underperforming or not meeting needs of the American people. I'm pleased to report it looks like the Congress is poised to deliver savings on more than 90 of these programs. For the first time since 1997, Congress is poised to deliver more than \$35 billion in savings in entitlement programs. By taking action to restrain spending, we're on our track to cut that deficit in half by 2009.

But there's a lot of work that needs to be done. In the long term, the most significant deficits will occur as baby boomers retire and more people receive Social Security and Medicare benefits. There's unfunded liabilities in our Social Security and Medicare systems. That means that there's

a lot of baby boomers retiring who have been promised more benefits with fewer people paying into the system. That's what that means. And unless we do something about it—these unfunded liabilities—we're going to put a great burden on our children and our grandchildren.

Reform of Social Security and Medicare is an important issue for the American people. And I've been talking about it, and I'm going to keep talking about it, because I strongly believe the United States Congress has an obligation to do something about it. My attitude is, when you get elected to office in Washington, DC, you have an obligation to confront problems, not pass them on to future generations and future Congresses.

Our approach on spending is clear: Working families have to set priorities for their spending, and so should the Federal Government. Unfortunately, we have too many politicians back in Washington who preach fiscal discipline while voting against spending cuts—and too many who think the only answer for runaway spending is to raise your taxes. My solution is to keep your taxes low and to be fiscally sound about how we use your money.

As we think about ways to make sure this economy remains strong today and strong tomorrow, one thing we've got to work on is our energy. I mean, we've got to be less dependent on foreign sources of energy if we want this economy to remain vibrant. High gasoline and heating costs are a tax on the working people, and they're a tax on small businesses, and they drain the budgets of people working hard. They make it expensive for people to run their companies, and they both affect our economic and national security. So our goal is to work for a day in which America is no longer dependent, beginning with less dependent on foreign sources of energy.

We made a pretty good start with an energy bill I signed this summer. It encourages conservation, and that makes sense. One way to become less dependent on for-

eign sources of energy is to use less of it. We made—we're spending money on making sure we can burn coal in a clean way. Clean coal technologies make a lot of sense. We've got a lot of coal in the United States of America, and we need to figure out how to use it cleanly. We need to do a better job of making sure we can get natural gas from overseas, liquified natural gas into the United States. We don't have enough liquified natural gas portals to allow that gas to come here, and we need to expand that in the United States.

We're promoting renewable sources of energy like ethanol and biodiesel. It makes sense to be able to use corn or soybeans to power our automobiles. I mean, one of these days, hopefully, the President sits down, opens up the crop report and says, "My, we've got a lot of corn; it means we're less dependent on foreign sources of energy." It makes sense to explore that. We're spending money on hydrogen. One of these days, I hope your grandchildren or your children can start a car and have hydrogen being the source of power.

So we've got a good bill on the table that I signed. But we've got to do more. We've got to do more. Listen, Katrina hit us, and Rita hit us, and we realize how dependent and how fragile our infrastructure is when it comes to gasoline. Listen, your prices went up. I know that. And these storms show that we've got bottlenecks in the system, and there are shortages. Now, fortunately, today's gasoline prices are down nearly to what they were before Katrina and Rita, and that's good news. But we ought to take notice of what happened. Congress needs to pass legislation that will allow us to build and expand refineries. Do you realize we have not built a new refinery in the United States since the early 1970s? In order to take the pressure off your pocketbook, it seems to make sense to me that we need to expand the amount of supply of gasoline. The more gasoline there is available for our consumers, the less pressure there will be.

We've got to produce and refine more crude oil and natural gas here at home in environmentally sensitive ways. And we can do that. The most promising site for energy in America is the Arctic National Wildlife Refuge in Alaska. I don't know if you realize this, but technology today enables us to take a very small portion of the land—2,000 acres out of 19 million acres—and use that 2,000-acre site to exploit the oil and gas resources in that vast area, with little or no impact on the land or wildlife. And that's important for people to understand, the facts involved. Developing this tiny area could yield up to a million barrels of oil a day. That's a million barrels of oil a day less from a foreign source of energy. I can't tell you how important I think it is for the United States Congress to authorize a progrowth, projob, proenvironment exploration of ANWR.

We prosper as a country when our working people can look to the future with confidence. And people are more confident when they own something. And that's why I've promoted an ownership society, an ownership society in which people own their own homes and have control over their health care accounts. They can own their own small businesses. Americans need to know that their hard work will be rewarded and that the institutions they depend upon are reliable. And so I want to talk about some reforms and some ideas for job training and health care.

We need to prepare Americans to take advantage of the opportunities of the 21st century. One thing is certain, is that this economy of ours changes, and as it changes, we've got to make sure the workers have got the skills necessary to fill the jobs of the 21st century. It's one of the real challenges of our society.

I'm a big believer, by the way, in community centers—community colleges. I think they work. I think they work well, because they are available, and they're affordable, and they have got flexibility in their curriculum. I know that firsthand, that

you've got a good system here in North Carolina because I've been to some of your community colleges. I've been to Forsyth Technical Community College. I've seen workers who were in the textile industry receiving help necessary to go back to school to become health care workers. And with a little bit of Government help, they are able to gain new skills and find permanent work at better pay. And that's really the challenge ahead of us, isn't it, to make sure that we match our workers' desire to work with the skills necessary to fill the jobs of the 21st century.

We've got a good program out of Washington, DC. It's \$125 million a year in grants to help community colleges. More importantly, it's to help the workers going to community colleges. I'm working with Congress to make sure that we work with these schools that are developing curriculum for jobs which actually exist. We don't need people being trained for work where jobs don't exist; we need people being able to match the job demand with the curriculum. And it's happening. Congress needs to renew the job training program for our community college system and give us more flexibility to make sure that the money actually gets to the workers, not to the bureaucracies involved with the program.

We need a health care system that makes sure that health care is available and affordable for all our people. And we need a health care system that puts patients in charge of the health care decisions, that offers greater choice, and allows you to have control over your plan. There's a new product called health savings accounts, HSAs, and they're a step toward consumer-driven health care.

Now, let me try to explain this to you. Under this type of plan, you or your employer can put money tax-free into what they call a health savings account. And you use that money in your account for routine medical expenses. And if you don't use it all up, you can roll it over to the next

year, tax free. And the money in the account earns interest tax-free. In other words, it's a tax-free account. The money goes in tax-free. It stays in tax-free, and it comes out tax-free. And it's your money, and you control it, and you pay routine health care expenses.

And you couple that with a high-deductible insurance policy—paid by yourself, if you're self-employed, or your company—that pays for catastrophic care above a certain deductible if you get really sick or you get really hurt. Now, the advantage of this program is that, one, you make the decisions. Secondly, you own the HSA, and if you happen to change jobs—listen, we're in a society where people are changing jobs. And one of the uncertainty that comes with job changes is that you—a fellow or a woman worries about health care. Under this plan, it's your own health care plan, and you can take it with you to your next employer. And the employer can help you with your HSA, if that's the deal you're able to strike with them. In other words, if you own your health care plan, it brings certainty into your life. It makes your future more stable.

These high-deductible policies have lower premiums, and that's what you've got to know, which provide savings for the self-employed or the small-business owner or for the large company. People are beginning to understand the advantages of health savings accounts. Since I signed a bill into law that allowed for the existence of health savings accounts, a million Americans have enrolled, most are families with children. And nearly 40 percent of HSA owners were uninsured before they got their account. Now, we're going to strengthen health savings accounts, make them more available and more affordable so people have more choices when it comes to health care.

Now, that's just one part of a comprehensive health initiative. Congress needs to pass association health plans. I don't know if there's any small-business owners here—small businesses sometimes have

trouble affording health care. They need to be allowed to pool risk across jurisdictional boundaries so they can buy health insurance at the same discounts that big companies are able to buy health insurance.

The Federal Government has a responsibility to the elderly and the poor when it comes to health care. That's a commitment our Government made. My attitude is, if you're going to provide health care for the elderly, it ought to be good health care. That's why we had the most substantive reforms of Medicare since Lyndon Baines Johnson was the President, since the program was formed. The Medicare plan that is now available for our seniors includes prescription drug coverage and a wide variety of choices for our seniors to choose from. And it's going to become available this January, and if you've got a mother and father on Medicare, I strongly urge you to look on the Internet for medicare.gov, and take a look and explain to your mother or father the options available. It's a good deal. It makes sense to have a modern, reformed Medicare system for our seniors.

We're going to take care of the poor with Medicaid and to make sure there's a strong safety net available for the poor citizens in the United States. And we're going to be wise about how we set up systems. Since I took office, we've opened or expanded more than 800 community health centers, places for the poor and the indigent to get primary health care. It makes sense to make sure that people go to a primary care facility, such as a health center, and not an emergency room of a hospital.

We need to expand information technology in health care, which a lot of the experts are convinced will lower the cost of health care to the American citizens. To make health care available and affordable, we need medical liability reform. When your doctors get sued, it means there's going to be fewer doctors practicing medicine, and when your doctors get sued, it

means your cost of medicine goes up. And for the sake of affordable health care, we need medical liability reform now. In order to make sure the economy is—keeps going on, we need a comprehensive health care agenda that gives you the power for making medical decisions, not bureaucracies in Washington, DC.

Now, for the good of the workers, we need to strengthen the rules governing private pensions as well. You know, most Americans work for private companies that offer traditional pensions. And most companies, like this one, are fulfilling their obligations to their employees and their retirees. But too many companies are not putting away the cash they need to fund the retirement promises they're making to their employees. In other words, they're saying, "We'll make sure you got a retirement system," but they're not funding it. Therefore, when—if the company were to get into financial trouble and go bankrupt, their failure to live up to their promises, their failure to fund their pensions will leave retirees with pension checks that have been slashed.

Now, the Federal Government insures these pensions, and that means that if more and more companies fail to meet their responsibilities, the Federal Government might have to step in and bail them out. In that case, it would not only be the retirees who are harmed by the companies not fulfilling their obligations, but it can mean the taxpayers as well. Every American has an interest in seeing to it that this system gets fixed. So whether you're a worker at a company with an underfunded pension or a taxpayer, it's what I want you to understand.

In our society, we've had some companies—big companies go bankrupt, and workers at those companies know what I'm talking about. And so my message to corporate America is: You need to fulfill your promises. When you say to a worker, this is what they're going to get when they retire, you better put enough money in the

account to make sure the worker gets that which you said.

The Government's current pension rules are confusing and misleading. They allow companies to technically play by the rules and yet still not fund the promises they've made to their employees. And so Congress needs to straighten up these rules so that there's no confusion, so that everybody understands what I just said. I said, "If you make a promise to a worker, you put enough money in the account to fulfill that promise."

So we proposed reforms to the pension rules that say this, that say that companies must accurately measure and report the financial status of their pension plans to make sure they're fulfilling the promises they make. This reform plan would give companies that underfund their pensions 7 years to catch up. That seems reasonable to me. We're going to give you a little time to do what you said you're going to do, but you're going to do what you said you're going to do.

But some in Congress have said this reform is too tough, or some may be on the outskirts of Congress who have said the reform is too tough. And not only that, they want to weaken the current law even further. I believe that if you put in your hours, your pension should be there for you when you retire. Our workers need reform that significantly improves funding for these private pension plans, not a piece of legislation that weakens it. And I'm not going to sign a bill that weakens pension funding for the American workers.

And, finally, keeping this economy strong means welcoming opportunities that a global economy offers, not fearing those opportunities. And this country is home to about 5 percent of the world's population, which means that 95 percent of potential customers live abroad. By opening up new markets for our goods and our farm products and our services, we can help this

economy continue to grow and create opportunity for people right here in our country.

Out in Washington, there are economic isolationists, people who are afraid of new opportunities. I think they've got to have more faith in the American worker and in the entrepreneur. The folks in North Carolina are showing them why. Today, one of every 12 jobs in North Carolina is exported by—is supported by exports. In other words, one in 12 of the people who work in this State do so because they're selling a product overseas. And it's just not what you're sending overseas that is helping North Carolina grow; more than 200,000 North Carolinians have jobs because foreign companies have chosen to invest in the Tar Heel State. In other words, this is a good place to be. All across America, we see the same story: Foreign businesses come here because they recognize the quality and the skill and ethic of the American worker. That's why they're coming.

This company is a good example of how trade has transformed American business. In 1837, an Illinois blacksmith named John Deere fashioned a steel plow that let pioneer farmers cut through prairie soil. Today, the company that this guy started ships products—ships combines made in Illinois to Russia. Interesting, isn't it? A lot of the Deere business is done overseas because the product is good. People want the Deere product. People realize that their society could become more productive if they use products made by John Deere.

You've got an advantage right here in Kernersville. You've got an interesting joint venture with Hitachi. This plant is actually "in-sourcing." Over the past 4 years, this factory has taken on production that used to be done in Japan and Mexico. You've tripled your workforce. That's what opening markets means. It means good, steady work. It means good opportunity. In the 21st century, no economy can afford to be an island. And to create new opportunities for our workers, we need to keep this econ-

omy open to trade and investment. And we've got to make sure that everybody else treats us the way we treat them, that we want to have free trade, and we want to have fair trade.

The textile industry in this State has been through tough times. I understand that. We just did a deal with Central America that says, "You treat us the way we treat you." Do you realize products going from the United States to Central America were taxed? Products coming the other way weren't. It seemed to make sense to level the playing field, which we're in the process of doing. But it also means that by working together with Central American partners, North Carolina textiles are more likely to be able to compete with Asian textiles.

My predecessor worked to get China into the WTO. And one of the conditions was that the United States and other WTO members would take steps to prevent their markets from being flooded with cheap Chinese textiles. Last month, we reached an agreement with China to have them meet that obligation under the textile agreements. It's an important agreement. It means that not only are we for free trade with China, but we expect China to be fair with American textile companies and American workers. This agreement adds certainty and predictability for businesses in both America and China.

Here's what I believe. I believe free trade is good for jobs. I believe opening markets for U.S. products is smart to do. I know we've got to make sure we have a level playing field because when we have a level playing field, the American worker, the American entrepreneur, and the American farmer can compete with anybody, anytime, anyplace.

The greatest opportunity we do have to advance the goal of free and fair trade is through the Doha round of trade talks. The Doha trade round has great potential to boost jobs here in America. By reducing and eliminating tariffs and other barriers

on industrial goods and on farm goods—industrial goods like John Deere products, by the way—to end unfair subsidies and open up global markets for our services. Trade ministers will gather in Hong Kong next week for a critical meeting. I told our Trade Representative, Ambassador Rob Portman, that he's got to push for a bold and wide-ranging agreement. Opportunity increasingly depends on a free and fair trading global system, and our administration is going to continue to use our influence to bring greater opportunities for the American worker.

You know, throughout the last century, we often heard pessimists telling us that our best days are behind us and that the future belongs to others. Our grandparents heard the pessimists in the 1930s and 1940s say that the future belonged to the central planners. Our parents heard the pessimists again in the 1950s when the Soviet Union launched the first satellite. Some of us remember hearing the pessimists in the 1970s and 1980s when we were told that America was tired and could no longer compete with Japan. At that moment, Ronald Reagan's tax cuts were just beginning to kick in, and that set off one of the largest economic expansions in our history. One newspaper editorialized about "the stench of failure" during that period of time.

You know, the great thing about our history when you look at it is, the American people have always proved the pessimists wrong. At the start of a hopeful new cen-

tury, the American worker is the most productive worker that human history has ever known. At the start of this new century, we have proven that progrowth economic policies out of Washington, DC, do work and can overcome some mighty obstacles. At the start of the century, we recommit ourselves to the notion that the more free people are, the better off your economy will be.

This great country of ours is a place where people can start out with nothing and be able to raise a family and own a home or start a business. Through all my travels around the world, I'm always struck by how bright the future of America is. Our job in Washington is to keep that future bright and hopeful by making choices that reward hard work and enterprise. This economy is strong, and the best days are yet to come for the American economy.

I'm honored you let me come by. I'm always glad to come back to North Carolina. And I'm particularly pleased to be with the good, fine folks right here at the Deere-Hitachi plant. May God bless you and your families, and may God continue to bless our country.

NOTE: The President spoke at 1:08 p.m. at John Deere-Hitachi Construction Machinery Corp. In his remarks, he referred to Mayor Curtis L. Swisher of Kernersville, NC; and James R. Jenkins, senior vice president and general counsel, Deere & Co.

Remarks Following a Meeting With Director-General Lee Jong-wook of the World Health Organization and an Exchange With Reporters *December 6, 2005*

President Bush. It's been my honor to welcome the Director of the World Health Organization, Dr. Lee, to the Oval Office, where we've just had an extensive conversation with high-ranking officials in my ad-

ministration about the international strategy to deal with a possible pandemic of avian flu.

And I want to thank you, Dr. Lee, for staying on top of this issue, for raising the